



Executive Summary

THIS ANNUAL PUBLICATION contains long-term population, labor force, employment, and personal income projections for Washington State. The Office of Financial Management (OFM), Forecasting Division, and the Employment Security Department, Labor Market and Economic Analysis Branch jointly prepare the labor force and employment projections. The forecast horizon extends from 2000 to 2025. The medium-term forecast for the 2000-2003 period is consistent with the February 2001 Economic and Revenue Forecast Council official state economic forecast.

In contrast to the short-term economic forecasts that focus on assessing business cycle conditions, long-term projections examine demographic trends, structural changes in industries, changes in production factors such as labor supply and capital investment, and technology/productivity advancements.

Washington Population, Labor Force, Employment, and Income

	Population (1,000)	Labor Force (1,000)	Employment (1,000)	Per Capita Income (1996\$)
1970	3,413	1,417	1,080	14,999
1980	4,132	1,985	1,609	19,695
1990	4,867	2,538	2,142	23,280
2000	5,894	3,089	2,716	29,376
2010	6,663	3,560	3,205	36,814
2020	7,558	3,857	3,554	44,911
2025		4,014	3,731	49,393

Population

- **Washington's population will increase 28 percent by the year 2025.** In 2000, about 5.9 million people lived in the state. The state population is expected to increase 1.7 million over the next two decades, reaching 7.6 million by 2025.
- **Aging of the population will be the most important demographic phenomenon in the next few decades.** In 2000, 11.3 percent of the Washington population was age 65 and over. By 2025, this age group is projected to account for 16.1 percent of total state residents. Most of the increase in the elderly population will take place during the 2010-20 period, when the Baby Boom generation starts entering this age group.

Labor Force

- **Washington's total labor force will increase 30 percent between 2000 and 2025.** This amounts to a gain of 925,000 workers, from 3.09 million in 2000 to 4.01 million by the year 2025.
- **The labor force participation rate will be lower in 2025 than it is today.** In 2000, the labor force participation rate in Washington was 69.3 percent; the rate is projected to decline to 64.4 percent by 2025. Most of the decline will occur during the 2010-25 period when a large portion of the Baby Boom population shifts into the retirement age.
- **Washington's labor force will become more diversified in terms of age, sex, racial, and ethnic compositions.** By 2025, 47 percent of the state labor force will be female. Workers over age 55 are projected to represent about 21 percent of all state workers by 2025, almost doubling the 12 percent share in 2000. Share of non-white workers in the state labor force is expected to rise from 12 percent in 2000 to 15 percent in 2025.

Employment

- **Between 2000 and 2025, 1.01 million non-farm jobs will be added to the Washington economy.** Employment in the state is expected to increase at an average annual rate of 1.3 percent over the next 25 years, from 2.72 million in 2000 to 3.73 million by 2025.
- **Most of the projected employment growth will be in retail and services industries.** From 2000 to 2025, trade and services are predicted to account for about two-thirds of total job increase in the state. Employment in the state's goods-producing sectors (i.e., manufacturing, mining, and construction) will increase at a slow pace due mainly to the anticipated productivity growth. The share of total jobs in these good-producing sectors will drop from 19.0 percent in 2000 to 15.7 percent by 2025.
- **Washington's economy will become increasingly diversified.** For decades, state employment was highly concentrated in defense, aerospace, and timber industries. Booms and busts in these industries frequently would induce the same conditions in the overall state economy. The growing importance of trade and services employment in the future will lead to more diversified and stable economic growth for Washington.

Personal Income

- **Washington's total personal income will increase 125 percent between 2000 and 2025.** In 1996 dollars, total personal income in Washington amounted to \$173.8 billion in 2000, and is projected to reach \$395.7 billion by 2025.
- **Per capita income in Washington will remain above the national average.** In 2000, per capita income in the state was estimated at \$29,438, about 3.1 percent above the national average. The projected state per capita income in 2025 will be about two-thirds higher than the 2000 level, and 2.7 percent above the forecasted national average.